

Message Text

PAGE 01 STATE 231396

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TO AMEMBASSY CARACAS PRIORITY

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TAGS: EAGR, VE

SUBJECT: COUNTRY-FINANCED SERVICE - BILATERAL AGREEMENT

REFERENCE: CARACAS 29941

1. QUOTED BELOW IN ITS ENTIRETY IS USDA'S PROPOSED LETTER OF UNDERSTANDING WHICH INCORPORATES A NUMBER OF SUGGESTIONS MADE BY STATE/AID. THIS LETTER OF UNDERSTANDING TOGETHER WITH AN ILLUSTRATIVE BUDGET AND A LETTER TO DR. JATEM OF GOV/MAC WERE POUCHED ON SEPTEMBER 22 BY USDA TO AGRICULTURAL ATTACHE R. MCCONNEL. WOULD APPRECIATE YOUR COMMENTS AND REACTIONS AS WELL AS THOSE OF THE GOV AS SOON AS POSSIBLE.

2. THE PROPOSED LETTER OF UNDERSTANDING IN ITS ENTIRETY IS PRESENTED BELOW:

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PAGE 02 STATE 231396

LETTER OF UNDERSTANDING FOR PROVIDING TECHNICAL SERVICES TO THE VENEZUELAN MINISTRY OF AGRICULTURE AND LIVESTOCK BY THE UNITED STATES DEPARTMENT OF AGRICULTURE.

I. PURPOSE AND DEFINITIONS

A. PURPOSE:

THE UNITED STATES DEPARTMENT OF AGRICULTURE WILL MAKE AVAILABLE TECHNICAL AND ADVISORY SERVICES TO THE MINISTRY OF AGRICULTURE AND LIVESTOCK OF THE UNITED STATES OF VENEZUELA IN CONNECTION WITH THE DEVELOPMENT OF AN IMPROVED AGRICULTURE. THIS LETTER OF UNDERSTANDING (LOU) SETS FORTH THE TERMS AND CONDITIONS PURSUANT TO WHICH THESE TECHNICAL SERVICES WILL BE PROVIDED.

B. DEFINITIONS:

1. "USDA" SHALL MEAN THE UNITED STATES DEPARTMENT OF AGRICULTURE.
2. "MAC" SHALL MEAN THE MINISTRY OF AGRICULTURE AND LIVESTOCK OF THE UNITED STATES OF VENEZUELA

II. AUTHORIZATION

THE TECHNICAL SERVICES WILL BE PROVIDED BY THE USDA TO THE MAC ON A REIMBURSABLE BASIS UNDER THE AUTHORITY OF SECTION 607 (A), FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED, AUTHORIZING U.S. GOVERNMENT AGENCIES TO PROVIDE SERVICES ON A REIMBURSABLE BASIS.

III. SERVICES TO BE PERFORMED

THE USDA IS PREPARED TO SHARE ITS TECHNOLOGY AND PLACE IT AT THE DISPOSAL OF THE MAC, TO ASSIGN THE REQUISITE PERSONNEL AND, MORE SPECIFICALLY, TO PROVIDE ADVISORY TECHNICAL PERSONNEL TO ASSIST IN THE EXPANSION OF FARM PRODUCTION AND TO DEVELOP RURAL PROGRAMS TO HELP CHECK
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PAGE 03 STATE 231396

URBAN MIGRATION. SPECIFIC PROPOSALS WILL BE DETAILED IN PROJECTS AND ACCOMPANYING BUDGETS WHICH, WHEN APPROVED, WILL BECOME A PART OF THIS AGREEMENT.

IV. PERSONNEL

A. TO PERFORM THE FOREGOING SERVICES, THE USDA WILL ASSIGN FROM TIME TO TIME, VARIOUS RESIDENT TECHNICAL AND SUPPORT PERSONNEL AND CONSULTANTS TO CARRY OUT PROJECT REQUESTS OF MAC AND MUTUALLY AGREED UPON BY THE PARTIES HERETO.

B. THE SENIOR ADVISOR WHO IS DESIGNATED AS RESIDENT

COORDINATOR WILL BE RESPONSIBLE FOR COORDINATING THE EFFORTS OF THE ADVISORS AND CONSULTANTS ASSIGNED TO PERFORM SERVICES HEREUNDER IN VENEZUELA THE MAC SHOULD DESIGNATE A SENIOR MINISTRY OFFICIAL WHO WILL BE RESPONSIBLE FOR IMPLEMENTING THE TERMS OF THIS AGREEMENT.

C. RESIDENT PERSONNEL ASSIGNMENTS SHALL BE FOR TWO YEARS AND MAY BE EXTENDED IF MUTUALLY AGREED UPON.

D. ALL PERSONNEL NOMINEES SHALL BE APPROVED BY THE MAC PRIOR TO ASSIGNMENT.

V. COMPENSATION FOR EXPENSES

ALL EXPENSES OF USDA INCURRED BOTH IN THE UNITED STATES AND IN VENEZUELA IN PERFORMING SERVICES HEREUNDER, AS PROVIDED FOR IN A BUDGET MUTUALLY AGREED TO BY THE PARTIES HERETO, SHALL BE PAID BY USDA FROM A DOLLAR ADVANCE WORKING FUND ESTABLISHED UNDER ARTICLE VI HERE- OF. THESE EXPENSES SHALL INCLUDE:

A. FOR PERSONS ASSIGNED TO PERFORM SERVICES IN VENEZUELA:

1. SALARY OR FEE, PERSONAL BENEFITS, POST ALLOW-
2. OTHER EXPENSES CONSISTENT WITH APPLICABLE U.S. LIMITED OFFICIAL USE LIMITED OFFICIAL USE

PAGE 04 STATE 231396

B. ALL EXPENSES INCURRED IN THE PERFORMANCE OF SERVICES IN CONNECTION WITH THIS AGREEMENT WHICH ARE TO BE PERFORMED BY THE USDA IN THE UNITED STATES. SUCH EXPENSES, SHALL INCLUDE COST OF SALARIES, TRANSPORTATION AND TRAVELING EXPENSES, AND ALL OTHER PROPERLY REIMBURSABLE EXPENSES INCURRED IN THE PERFORMANCE OF SUCH SERVICES. ALL SUCH EXPENSES . INCURRED AND REIMBURSEMENT CLAIMED WILL BE IN ACCORDANCE WITH APPLICABLE UNITED STATES STATUTES AND REGULATIONS.

VI. DOLLAR ADVANCE WORKING FUND

A. THE MAC SHALL ESTABLISH A DOLLAR ADVANCE WORKING FUND WITH THE ECONOMIC RESEARCH SERVICE (ERS) OF THE USDA IN AN AMOUNT SUPPORTED BY A BUDGET, AND MUTUALLY AGREED UPON BY THE PARTIES HERETO AS BE- ING NECESSARY FOR THE PAYMENT OF EXPENSES TO BE INCURRED IN PERFORMING SERVICES HEREUNDER.

B. IF THE USDA ANTICIPATES THAT EXPENSES APPROVED UNDER ARTICLE V WILL EXCEED THE AMOUNT IN THE BUD-

GET, IT SHALL INFORM THE MAC OF THE INCREASED ESTIMATE. UPON THE MAC'S APPROVAL, ARRANGEMENTS WILL BE MADE TO DEPOSIT THE ADDITIONAL FUNDS TO COVER THE INCREASE IN THE DOLLAR ADVANCE WORKING FUND. IF THE MAC DOES NOT AGREE TO THE INCREASED ESTIMATE, THE USDA IS NOT OBLIGATED TO PROVIDE THE SERVICES COVERED BY THE ESTIMATE AND WILL BE RE-IMBURSED FOR THE COSTS INCURRED PRIOR TO AND BECAUSE OF TERMINATION.

VII.REPORTS

A. THE USDA SHALL PREPARE AND SUBMIT TO THE MAC FOR EACH SIX MONTHS A REPORT SUMMARIZING THE STATUS OF ACTIVITIES CURRENTLY ENGAGED IN AND THOSE COMPLETED WITHIN THAT PERIOD OF TIME, ALONG WITH A SIX MONTHS' WORK SCHEDULE PROJECTION.

B. A STATEMENT BY EXPENSE CATEGORY SIGNED BY AN AUTHORIZED REPRESENTATIVE OF USDA WILL BE SUBMITTED QUARTERLY SETTING FORTH CUMULATIVE EXPENDITURES MADE THEREFROM. THIS SAID STATEMENT SHALL BE ACCOMPANIED BY SUCH SUPPORTING DOCUMENTS AS THE MAC MAY REASONABLY REQUEST.

PAGE 05 STATE 231396

C. PROMPTLY FOLLOWING THE LAST EXPENDITURE FROM THE DOLLAR ADVANCE WORKING FUND, THE USDA WILL SUBMIT A FINAL STATEMENT OF MAC SETTING FORTH ALL CUMULATIVE EXPENDITURES MADE BY EXPENSE CATEGORIES AND WILL RETURN ANY BALANCE IN THE DOLLAR ADVANCE FUND REMAINING AFTER SUCH LAST EXPENDITURE.

VIII.LOCAL SERVICE IN VENEZUELA

A. THE MAC WILL PROCURE THE FOLLOWING LOCAL SERVICES IN VENEZUELA TO THE EXTENT NECESSARY FOR THE PERFORMANCE OF SERVICES HEREUNDER:

1. NECESSARY OFFICE SPACE AND FACILITIES.
2. SECRETARIAL-CLERICAL, TRANSLATING, AND OTHER LOCAL HELP.
3. DRIVERS, VEHICLES, AND IN-COUNTRY TRANSPORTATION FOR OFFICIAL BUSINESS.
4. ASSISTANCE IN OBTAINING LOCAL PERMITS, LICENSES, ETC.
5. OTHER LOGISTICAL SUPPORT.

B. TO THE EXTENT THAT THE FOREGOING SERVICES ARE NOT MADE AVAILABLE BY THE MAC, THE FUND SHALL BE INCREASED BY MAC AND USED BY USDA TO PROCURE SUCH SERVICES AS ARE DETERMINED BY MUTUAL AGREEMENT OF BOTH PARTIES TO BE NECESSARY.

IX. PRIVILEGES AND IMMUNITIES

A. PERSONNEL ASSIGNED BY THE USDA TO PERFORM SERVICES UNDER THIS AGREEMENT WILL BE ATTACHED TO THE EM-LIMITED OFFICIAL USE
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PAGE 06 STATE 231396

BASSY OF THE UNITED STATES OF AMERICA IN VENEZUELA AND THEY AND THEIR DEPENDENTS SHALL BE ENTITLED TO THE PRIVILEGES AND IMMUNITIES ACCORDED TO PERSONNEL OF THE EMBASSY OF COMPARABLE RANK AND CATEGORY.

B. ON THE BASIS OF EXISTING LAWS, THE MAC WILL ARRANGE FOR THE APPROPRIATE AUTHORITIES OF THE VENEZUELAN GOVERNMENT TO GRANT EXEMPTION FROM ALL LOCAL TAXES. IN THE ABSENCE OF SUCH EXEMPTIONS, THE MAC WILL PAY ALL SUCH LOCAL TAXES AS MAY BE ASSESSED, OR AUTHORIZE PAYMENT THROUGH THE ADVANCE WORKING FUND.

C. THE GOVERNMENT OF VENEZUELA AGREES TO HOLD THE U.S. GOVERNMENT, ITS INSTRUMENTALITIES, OFFICERS, OR CONTRACT EMPLOYEES, HARMLESS AGAINST ANY AND ALL CLAIMS THAT MAY ARISE AS A RESULT OF TECHNICAL AND OTHER SERVICES THAT MAY BE FURNISHED UNDER THIS AGREEMENT.

X. EFFECTIVE DATE

A. THE LOU SHALL BE IN EFFECT AS OF THE DATE OF SIGNATURE BY DULY AUTHORIZED REPRESENTATIVES OF MAC AND USDA. IT CAN BE RENEWED, AMENDED, AND EXTENDED BY MUTUAL AGREEMENT.

B. CONDITIONS OF SERVICES DESCRIBED HEREIN MAY BE AMENDED BY MUTUAL AGREEMENT IN WRITING, AND SERVICES, ALL OR IN PART, MAY BE SUSPENDED BY EITHER THE MAC OR USDA NOTIFYING THE OTHER 60 DAYS IN ADVANCE IN WRITING; HOWEVER, SUCH TERMINATION SHALL NOT IMPAIR ANY OBLIGATIONS OR COMMITMENTS INCURRED BY EITHER PARTY UP TO THE DATE OF TERMINATION.

XI. IN WITNESS WHEREOF THE RESPECTIVE REPRESENTATIVES, DULY AUTHORIZED FOR THE PURPOSE, HAVE AFFIXED THEIR

SIGNATURES.

FOR THE UNITED STATES OF VENEZUELA MINISTRY
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PAGE 07 STATE 231396

OF AGRICULTURE AND LIVESTOCK: DATE

FOR THE UNITED STATES DEPARTMENT OF AGRICULTURE: DATE

3. WITH RESPECT TO THE ILLUSTRATIVE BUDGET, YOU WILL NOTE THAT THE ESTIMATES ARE BASED ON A FAMILY OF FOUR. OBVIOUSLY, THE COSTS WILL VARY DEPENDING UPON THE PERSONAL SITUATION OF EACH TECHNICIAN. OUR ANALYSIS OF THE COSTS SEEM TO INDICATE THAT THE SALARIES APPEAR REASONABLE. HOWEVER, SOME OF THE ESTIMATES FOR ALLOWANCES AND OTHER COSTS APPEAR TO BE ON THE HIGH SIDE. STANDARDIZED REGULATIONS CALL FOR AN EDUCATION ALLOWANCE FOR GRADES 9-12 AT RATE OF DOLS. 1,950 PER PUPIL. STANDARD RATE FOR MEDICAL CLEARANCE ALLOWED BY STATE DEPARTMENT IS ABOUT DOLS. 100 PER PERSON. DOLS. 500 PER FAMILY SHOULD BE AMPLE EXCEPT FOR THE MOST UNUSUAL CIRCUMSTANCES. CHARGING OVERHEAD ON COST OF SUPPORT PROVIDED BY EMBASSY DOES NOT APPEAR TO BE JUSTIFIED. MAJOR SAVINGS COULD BE AFFECTED BY HAVING GOV DIRECTLY PROVIDE TRAVEL (ON NATIONAL AIRLINE), QUARTERS, AND FURNITURE. USDA FULLY SUPPORTS IN-KIND CONTRIBUTIONS, SUCH AS THESE FROM GOV TO REDUCE COSTS. BUDGETS, OF COURSE, WILL BE DEALT WITH DURING NEGOTIATIONS, BUT THE FOREGOING ARE AREAS WHERE SAVINGS MAY BE POSSIBLE. INGERSOLL

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